

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7661

BILL NUMBER: HB 1867

DATE PREPARED: Jan 14, 2001

BILL AMENDED:

SUBJECT: Medicaid Waiver Reimbursement Rates.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
X **FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires the Office of the Secretary of Family and Social Services to increase the rates paid for all services provided under Medicaid home and community-based (HCB) waivers by 8% for the period beginning July 1, 2001, and ending June 30, 2002, an additional 6% for the period beginning July 1, 2002, and ending June 30, 2003, and annually thereafter based on the increase in the skilled nursing facility wage (SNF) index published by the federal Health Care Financing Administration (HCFA).

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill is expected to increase state General Fund expenditures over current expenditure levels in the Medicaid program by about \$4.8 M in FY 2002 and \$8.6 M in FY 2003. [Total additional Medicaid expenditures are estimated to be about \$12.6 M in FY 2002 and \$22.8 M in FY 2003. This includes additional federal reimbursement to the state of about \$7.8 M in FY 2002 and \$14.2 M in FY 2003.]

Increases after FY 2003 are to be based on the HCFA-SNF index. HCFA estimates these increases to be about 3.2% per year, which would result in additional state expenditures of about \$10.8 M for FY 2004 over current expenditure levels.

Background: This bill provides for an 8% increase in reimbursement rates for services provided under the Medicaid HCB waivers in FY 2002 over the rates in existence on January 1, 2001. The bill also provides for an increase of 6% for FY 2003. The five HCB waivers include the ICF/MR waiver, the Aged and Disabled waiver, the Medically Fragile Children's waiver, the Autism waiver, and the Traumatic Brain Injury waiver. The FY 2002 expenditures under the five waivers are estimated to be about \$157.3 M, resulting in the estimated expenditure increases described above.

The Medicaid program is a cost-shared program with the state share of expenditures equal to about 38%. The

federal share of expenditures is about 62%.

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal reimbursement in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Kathy Gifford, OMPP, (317) 233-4455.